

E-01345A-11-0224



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ARIZONA CORPORATION COM

UTILITY COMPLAINT FORM

Investigator: Carmen Madrid

Phone:

RECEIVED

Priority: Respond Within Five Days

2014 AUG 14 P 3 21

Opinion No. 2014 - 117656

Complaint Description: 19L misc line siting
 N/A Not Applicable

ADSRP8000MISSION
DOCKET CONTROL

ORIGINAL

Complaint By: First: Last:
Vincent Yazzie

Account Name: Vincent Yazzie Home: (000) 000-0000

Street: n/a Work: (000) 000-0000

City: Flagstaff CBR:

State: AZ Zip: 86004 is:

Utility Company: Arizona Public Service Company

Division: Electric

Contact Name: For assignment

Contact Phone:

Nature of Complaint:

Name: Vincent H. Yazzie

Date: 8/12/14

Address:

Phone:

CityStateZip: Flagstaff, AZ, 86004

Cell:

Docket: APS Rate Hearing

DocketNo: E-01345A-11-0224

Utility: Arizona Public Service Company

Email:

Comments

Arizona Corporation Commission

DOCKETED

AUG 14 2014

DOCKETED BY

Volume 1, Executive Summary, Four Corners Power Plant, page iii. The Federal Implementation Policy(FIP) initially required APS to notify EPA of its choice by July 1, 2013. In May 2013, the Arizona Corporation Commission proposed to consider retail competition in the electrical generation market. As a result of the uncertainty introduced by this proposal, APS requested and was granted an extension of the EPA deadline to December 31, 2013. Southern California Edison is required to divest its ownership share of FCPP due to requirements of California Senate Bill 1368 addressing greenhouse gas emissions. On December 30, 2013, APS acquired Southern California Edison's share of Units 4 and 5 (720 MW) and shut down Units 1, 2, and 3 in compliance with the first of the options provided by EPA. The increase in APS's ownership of Units 4 and 5 replaced the generation capacity lost in the shutdown of APS-owned Units 1, 2, and 3. Units 4 and 5 would continue to operate for the duration of the lease agreement to 2041, with the installation and operation of SCR equipment on both units by July 31, 2018. Draft EIS link.

http://www.wrcc.osmre.gov/initiatives/fourCorners/documents/FC_draftEISVol1.pdf Southern California Edison (SCE) did not divest itself of FCPP. Form 10-Q, Pinnacle West Capital Corporation, Arizona Public Service, May 2, 2014, page 15, 16 http://www.sec.gov/Archives/edgar/data/764622/000110465914033796/a14-8980_110q.htm As part of APS's acquisition of SCE's interest in Units 4 and 5, APS and SCE agreed, via a

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"Transmission Termination Agreement," that upon closing of the acquisition, the companies would terminate an existing transmission agreement ("Transmission Agreement") between the parties that provides transmission capacity on a system (the "Arizona Transmission System") for SCE to transmit its 15 Table of Contents PINNACLE WEST CAPITAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS portion of the output from Four Corners to California. APS previously submitted a request to FERC related to this termination, which resulted in a FERC order denying rate recovery of \$40 million that APS agreed to pay SCE associated with the termination. APS and SCE negotiated an alternate arrangement under which SCE would assign its 1,555 MW capacity rights over the Arizona Transmission System to third-parties, including 300 MW to APS's marketing and trading group. However, this alternative arrangement was not approved by FERC. In late March 2014, APS and SCE filed requests for rehearing with FERC. We are unable to predict the timing or outcome of these requests. Although APS and SCE continue to evaluate potential paths forward, it is possible that the terms of the Transmission Termination Agreement may again control. As we previously disclosed, APS believes that the original denial by FERC of rate recovery under the Transmission Termination Agreement constitutes the failure of a condition that relieves APS of its obligations under that agreement. If APS and SCE were unable to determine a resolution through negotiation, the Transmission Termination Agreement requires that disputes be resolved through arbitration. APS is unable to predict the outcome of this matter if it proceeds to arbitration. 147 FERC 61,017, Arizona Public Service Docket No. ER13-1402-002, issued April 7, 2014 <http://www.ferc.gov/CalendarFiles/20140407111759-ER13-1402-002.pdf> In FERC_20140407111759-ER13-1402-002.pdf, page 3 of 5. Following the issuance of the September 13 Order, on December 18, 2013, APS submitted a filing requesting that the Commission revise the effective date of the cancellation of the Transmission Service Agreement with SoCal Edison from the date on which SoCal Edison transferred its ownership interests in the Four Corners Power Plant to APS to the date on which the Transmission Service Agreement terminates by its own terms. On January 3, 2014, the Commission accepted APS's revised effective date of the cancellation of the agreement, and required APS to file a notice of cancellation under section 205 with the Commission when the agreement terminate by its own terms. In FERC_20140407111759-ER13-1402-002.pdf, page 5 of 5. The Commission orders: SoCal Edison's request for rehearing is hereby denied, as discussed in the body of this order. By the Commission. (S E A L) Nathaniel J. Davis, Jr. Deputy Secretary Office of Market Regulation, Arizona Public Service Docket No. ER13-1402-003 (20140103-3016(29026615).pdf), page 1, "APS requests that the Commission revise the effective date of the cancellation of the Transmission Agreement granted in the September Order, from the date on which SoCal Edison transfers its ownership interests in the Four Corners Power Plant to APS, to the date on which the Transmission Agreement will terminate by its own terms." Office of Market Regulation, Arizona Public Service Docket No. ER13-1402-003 (20140103-3016(29026615).pdf), page 2, Footnote 3, "When the Transmission Agreement terminates by its own terms, APS must file a notice of cancellation under section 205 with the Commission." SCE still has an interest in FCPP in violation of the FIP.

End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

Opinion noted and filed in Docket No. E-01345A-11-0224. closed

End of Comments

Date Completed: 8/13/2014

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